

Union Calendar No. 190

105TH CONGRESS  
1ST Session

H. R. 134

[Report No. 105-327]

A BILL

To authorize the Secretary of the Interior to provide a loan guarantee to the Olivenhain Water Storage Project, and for other purposes.

OCTOBER 21, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. CUNNINGHAM introduced the following bill; which was referred to the Committee on Resources

OCTOBER 21, 1997

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[Strike out all after the enacting clause and insert the part printed in italic]

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## A BILL

To authorize the Secretary of the Interior to provide a loan guarantee to the Olivenhain Water Storage Project, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. OLIVENHAIN WATER STORAGE PROJECT LOAN**  
2 **GUARANTEE.**

3 (a) **LOAN GUARANTEE.**—The Secretary of the Inte-  
4 rior is authorized to provide a loan guarantee to either  
5 the Olivenhain Municipal Water District (hereinafter re-  
6 ferred to as the “District”) or to a nongovernmental devel-  
7 oper selected by the District for the purpose of building  
8 and financing the Olivenhain Water Storage Project in  
9 northern San Diego County, California. The guaranteed  
10 loan shall be available under the existing authorization  
11 ceiling contained in the Small Reclamation Projects Act  
12 of 1956 (43 U.S.C. 422a et seq.). The guaranteed loan  
13 shall bear interest at the rate agreed upon by the borrower  
14 and lender. As used in this section, a guaranteed loan is  
15 one which is initially made, held, and serviced by a legally  
16 organized lending institution, and which is guaranteed by  
17 the Secretary of the Interior. Any guarantee issued pursu-  
18 ant to this section shall constitute an obligation, in accord-  
19 ance with the terms of such guarantee, of the United  
20 States Government and the full faith and credit of the  
21 United States is hereby pledged to the full performance  
22 of the obligation.

23 (b) **SECURITY.**—To ensure the repayment of any loan  
24 guaranteed under this section and as a condition for re-  
25 ceiving the guarantee, the Secretary of the Interior shall  
26 require the District to furnish such security as may be

1 considered necessary and appropriate by the Secretary of  
 2 the Interior in making the guarantee.

3 **SECTION 1. OLIVENHAIN WATER STORAGE PROJECT LOAN**  
 4 **GUARANTEE.**

5 (a) *LOAN GUARANTEE.*—*The Secretary of the Interior*  
 6 *may guarantee a loan made to either the Olivenhain Mu-*  
 7 *nicipal Water District (in this Act referred to as the “Dis-*  
 8 *trict”)* or to a nongovernmental developer selected by the  
 9 *District, for building and financing the Olivenhain Water*  
 10 *Storage Project in northern San Diego County, California.*  
 11 *The amount of a loan guaranteed under this subsection may*  
 12 *not exceed \$70,000,000.*

13 (b) *INTEREST RATE.*—*Any loan guaranteed under*  
 14 *subsection (a) shall bear interest at a rate agreed upon by*  
 15 *the borrower and lender.*

16 (c) *OBLIGATION OF UNITED STATES.*—*Any loan guar-*  
 17 *antee under this section shall constitute an obligation, in*  
 18 *accordance with the terms and conditions of such guarantee,*  
 19 *of the United States Government, and the full faith and*  
 20 *credit of the United States is hereby pledged to full perform-*  
 21 *ance of the obligation.*

22 (d) *SECURITY.*—

23 (1) *RESERVE FUND AND COMMITMENT OF DIS-*  
 24 *TRICT REVENUES.*—*To ensure the repayment of any*  
 25 *loan guaranteed under this section and as a condition*

1       *of providing the guarantee, the Secretary of the Inte-*  
2       *rior shall require that—*

3               *(A) the borrower establish and maintain,*  
4               *with a trustee designated by the Secretary, a re-*  
5               *serve fund in the amount of 115 percent of the*  
6               *next year's principal and interest payments on*  
7               *the loan;*

8               *(B) the District agree to use its revenues to*  
9               *make all payments required under the terms of*  
10              *the loan prior to any payment by the United*  
11              *States under the guarantee, and to make those*  
12              *payments through the trustee designated under*  
13              *subparagraph (A); and*

14              *(C) the trustee designated under subpara-*  
15              *graph (A) agree to use all amounts received for*  
16              *repayment of the loan to repay the loan.*

17              *(2) RESERVE FUND REQUIREMENTS.—The re-*  
18              *serve fund under this subsection shall be established*  
19              *under terms that provide that—*

20              *(A) all moneys in the reserve fund shall*  
21              *constitute a trust fund for the repayment of the*  
22              *loan guaranteed under subsection (a); and*

23              *(B) the reserve fund shall be administered*  
24              *in accordance with and pursuant to provisions*

1           *agreed upon by the borrower and lender for the*  
2           *loan guaranteed under subsection (a).*

3           (3) *PAYMENT OF LOAN AMOUNTS.—Proceeds from*  
4           *the loan guaranteed under subsection (a) shall—*

5                     *(A) be deposited directly with the trustee*  
6                     *designated by the Secretary of the Interior under*  
7                     *paragraph (1)(A); and*

8                     *(B) be disbursed by the trustee consistent*  
9                     *with the terms of the loan.*

10           (4) *QUALIFICATIONS OF TRUSTEE.—Any trustee*  
11           *designated by the Secretary of the Interior under*  
12           *paragraph (1) must, at a minimum—*

13                     *(A) be a trust company or a bank having*  
14                     *the powers of a trust company;*

15                     *(B) have a combined capital and surplus of*  
16                     *at least \$100,000,000; and*

17                     *(C) be otherwise subject to supervision or*  
18                     *examination by a Federal agency.*